

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2914 – SB 3634**

February 15, 2012

**SUMMARY OF BILL:** Adds bomb and arson special agents, who are members of the Tennessee Consolidated Retirement System (TCRS), to the list of state public safety occupations required to take mandatory retirement at age 60, provided the mandatory retirement of these state employees does not violate the Age Discrimination in Employment Act. Requires time served by bomb and arson special agents, while performing law enforcement activities or while employed as a law enforcement officer in any department while a member of TCRS, be credited for the purpose of determining retirement benefits.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$61,600/Fire Prevention Fund**

**Other Fiscal Impact - The total additional lump sum pension liability to the Tennessee Consolidated Retirement System is estimated to be \$628,400.**


**Assumptions:**

- According to TCRS, the Department of Commerce and Insurance (TDCI) indicated that all costs associated with bomb and arson special agents are funded through fire prevention fees.
- According to TDCI, fire prevention fees are deposited to the Fire Prevention Fund (FPF). As a result, any additional cost for retirement benefits applicable to bomb and arson special agents will be paid from the FPF.
- TCRS indicates this bill will apply to 28 individuals.
- According to TCRS, the total lump sum pension liability for TCRS will increase by approximately \$628,400.
- Pursuant to Tenn. Code Ann. § 3-9-103(b), TCRS utilizes a 20-year horizon for estimating annual amortized payments of pension benefits.
- Pursuant to Tenn. Code Ann. § 8-34-505, TCRS utilizes a 7.5 percent interest rate for estimating annual amortized payments of pension benefits.

- Assuming a 20-year horizon, a 7.5 percent interest rate, and an increased lump sum pension liability of \$628,400, annual retirement benefit payments from TCRS will increase by \$61,641 per year.
- One-hundred percent of the annual amortized payment will be funded from the FPF.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/rnc